

#### Members

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Sen. Brandt Hershman  
Sen. Jeff Drozda  
Sen. Rose Antich  
Sen. Allie Craycraft  
Sen. Lindel Hume  
Rep. Brian Hasler, Vice-Chairperson  
Rep. Terri Austin  
Rep. David Orentlicher  
Rep. Michael Murphy  
Rep. Eric Koch  
Rep. Brooks LaPlante



## INTERIM STUDY COMMITTEE ON RESEARCH AND TECHNOLOGY ISSUES

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### MEETING MINUTES<sup>1</sup>

Meeting Date: October 6, 2003  
Meeting Time: 10:00 A.M.  
Meeting Place: Stewart Center Room 218D,  
Purdue University  
Meeting City: West Lafayette, IN 47907  
Meeting Number: 2

**Members Present:** Sen. David Ford, Chairperson; Sen. Brandt Hershman; Sen. Rose Antich-Carr; Sen. Allie Craycraft; Rep. Brian Hasler, Vice-Chairperson; Rep. Terri Austin; Rep. Michael Murphy; Rep. Eric Koch.

**Members Absent:** Sen. Jeff Drozda; Sen. Lindel Hume; Rep. David Orentlicher; Rep. Brooks LaPlante.

Chairperson Ford called the meeting to order at 10:05 A.M.

After introducing the Committee's members and staff, Chairperson Ford thanked Senator Hershman for his assistance in arranging the meeting and Mark Shublak, representing TechPoint, for his assistance throughout the interim. The Chair also thanked Purdue University for hosting the meeting. Chairperson Ford then asked Special Agent Mark Parkman to begin the day's testimony on issues related to the prevention of identity theft.

#### **Mark Parkman, Special Agent in Charge, U.S. Secret Service<sup>2</sup>**

Agent Parkman began his testimony by highlighting some of the threats and damages caused by identity theft. He continued his testimony by providing several anecdotes about his career to highlight the difficulties associated with pursuing identity theft perpetrators.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

<sup>2</sup> See Exhibit 1

Mr. Parkman said that he felt that the biggest problem with prosecuting identity theft is in finding the right jurisdiction to file the case. He noted that credit is often applied for at a credit card company in one state, billed to another, and used in a third. With such a variety of interstate transactions, law enforcement officials and victims are not always sure of the proper jurisdiction in which to file an identity theft report.

In response to a question, Mr. Parkman suggested that the Committee might look at removing the option of including social security numbers on drivers' licenses. He also said the Committee could attempt to address, through legislation, the issue of securing law enforcement jurisdiction over identity theft issues. Finally, he encouraged the Committee to work with the Federal Trade Commission for solutions to identity theft problems.

In response to a question, Mr. Parkman said that identity theft perpetrators come from all types of demographic groups. He noted that the only common element seems to be that all of the perpetrators tend to have felony records.

**Sandra Bowen, Public Access Counselor, State of Indiana**

Ms. Bowen began her testimony by discussing some of the issues associated with balancing the Public Records Act with concerns over the disclosure of sensitive information. She said that state and local agencies frequently call her office to express concern over releasing social security numbers and vital records.

Ms. Bowen continued by saying, when asked about a certain type of disclosure, she examines the code to determine whether or not there is something in state or Federal statutes that explicitly prohibit disclosure. If there is not a specific prohibition, she has to advise the caller that the social security numbers or vital records are public information. She also noted that the Public Access Counselor does not have the authority to stop the disclosure of any records.

Ms. Bowen noted that to get a birth record certified, the person requesting a certified vital record must be either the individual on the record or a relation to that individual. Requests for uncertified copies of records, however, are public information and may be obtained by anyone who request them. Ms. Bowen stated that there is nothing in Indiana's Public Records Act that specifically makes social security numbers confidential.

In response to a question, Ms. Bowen stated that she thought the state could help prevent identity theft by educating the public that many state forms make the disclosure of a person's social security number optional. She also said that she felt these optional requests for a social security number were troubling because they often lack the same privacy standards as social security numbers that are collected as a legal requirement. She stated that when a specific statute or federal law requires a person to disclose their social security number, there is often accompanying language that requires the collecting agency to hold the social security in confidence.

Ms. Bowen then gave the Committee the Public Access Counselor's information line (1-800-228-6013) and encouraged the members to call if they had any further questions about public documents.

Sen. Ford then thanked Ms. Bowen for her testimony and said that there are many issues involved with the use of social security numbers. He noted legislation on the issue was difficult because of the many businesses who use social security numbers for legitimate reasons to help consumers obtain credit and receive information.

**Dr. Eugene Spafford, Director, Center for Education and Research in Information (CERIAS)<sup>3</sup>**

Dr. Spafford began his testimony by welcoming the Committee to Purdue. He told the members that CERIAS is a campus-wide multidisciplinary center with a mission to explore important issues related to protecting computing and information research. He noted that it was the largest such center in the United States.

Dr. Spafford then turned to the issue of identity theft. He provided the Committee with a number of statistics related to identity theft. He told the Committee that the average victim spends more than 600 hours to resolve an identity theft at an average out-of-pocket cost of \$17,000. In addition to the time and money expended by individuals, he also noted that businesses incur millions of dollars of losses each year because of fraud.

Dr. Spafford then discussed four reasons why identity theft is such a problem. The first, he said, was that business and government agencies do not safeguard information appropriately. He explained many organizations are not willing or able to pay the higher costs for more secure systems. The second reason he gave for the prevalence of identity theft is lack of liability for organizations that inadvertently disclose personal information. He posited that since organizations are not liable for the security of personal records, they have little incentive to employ better methods. A third reason he gave for the problem was that organizations use poor forms of authentication to verify the identity of the people they serve. The fourth and final reason he gave for the identity theft problem is that government agencies and firms are often resistant to accepting corrections to personal information in their files.

Dr. Spafford then made several suggestions for the Committee's consideration:

- 1) Adoption of a code of fair information practices, such as the one used in Canada.
- 2) Consider legislation similar to the law recently passed in California that requires businesses to safeguard personal data in their possession and notify subjects if the information is disclosed in an unauthorized manner.
- 3) Reexamine state regulations and laws that require personal information be disclosed by state agencies.
- 4) Prohibit the use of social security numbers as an identifier or authenticator.
- 5) Require businesses to accept sworn affidavits from identity theft victims to correct false information.
- 6) As allowed by Federal Law, make it a crime in Indiana to assume someone else's identity or credit history to commit fraud anywhere.
- 7) Consider increasing the penalties on persons convicted of fraud and identity theft.

Dr. Spafford concluded by telling the Committee that CERIAS staff would be more than happy to help with any questions the Committee might have as it addressed the identity theft issue.

**Pamela Berglund, President, Indiana County Recorder's Association**

Ms. Berglund thanked the Committee for inviting her to testify. She began her testimony by saying that county recorders are responsible for maintaining a number of public documents. She noted that, in some cases, these documents date to 1825. She continued by saying that the County Recorder's Association has discussed identity theft issues. She further said that addressing the issue has been difficult because recorders do not have the authority to deny access to public records. In fact, she said, the county recorder's job is to make records

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<sup>3</sup>See Exhibit 2

accessible. She noted recorders are required to provide information to whomever asks at the mandated price of \$0.05 per page.

She then told the Committee that there has been a large increase in the number of records that include social security numbers. She said that the recorder's office does not have the authority to purge records or strike out social security numbers. She continued by saying that, to help prevent the inclusion of the numbers, recorders in some smaller counties have called local banks and asked them not to include social security numbers on mortgage forms.

Ms. Berglund said that a recent article in a national veteran's magazine has raised concern among veterans and county recorders over public access to D.D. form 214 (a military discharge document) at county recorders' offices. Ms. Berglund noted that she has only been asked to produce D.D. 214s by veterans and their family members. She noted that as records become computerized, D.D.214s will be much easier to obtain by unrelated parties.

Ms. Berglund again thanked the Committee for its time. She closed by saying that while county recorders often feel guilty about providing sensitive information, they will continue to fulfill their obligations.

In response to a question, Ms. Berglund said one solution to keeping information private might be to have separate computer systems. One system could show disclosable information, while the other could keep sensitive information private. She continued by saying that one issue with that solution would be determining who would have access to the more sensitive information.

**Evelyn Royer, Asst. V.P. for Risk and Assurance, Purdue Employees Federal Credit Union**

Ms. Royer began her testimony by saying that she spent considerable time working to protect her credit union from fraud and identity theft. She said that her job was to find ways to combat identity theft and fraud. She noted that in the last two years her credit union has had approximately 30,000 credit cards and equal number of debit cards in use. During that same period, there were 200 incidents of fraud and identity theft among the card holders. She said that her organization had several systems in place to alert members when a problem arises. She also stated the U.S.A. Patriot Act had help protect her credit union by insuring that new accounts opened at the credit union are legitimate.

As a suggestion to help end the problem of identity theft and fraud, she said that more public education was needed. She directed the Committee to the Federal Trade Commission's website [FTC.gov](http://FTC.gov) and said that it was a valuable place to find information.

In response to a question, she said that her credit union had introduced ATMs capable of reading fingerprints. She said the program has been very successful and that customers were accepting of the technology.

**Candy Irven, General Manager, AccessIndiana<sup>4</sup>**

Ms. Irven provided the Committee with an overview of the State of Indiana's AccessIndiana (AI) website. She said that the website now contains links to all state agencies, giving each a presence on the Internet. She noted that AI provides the service for all the public information on the state's network. Continuing with her overview, she told the Committee that AI is self-funded through user fees and does not receive state funding.

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<sup>4</sup>See Exhibit 3

She then described the security and privacy policies used by AccessIndiana. She stated that AI's privacy policy can be accessed from each web page shown. She further said that AI only shares information when an individual has given consent.

Ms. Irven's testimony then turned to the use of subscriptions to access portions of AccessIndiana's service. She said that a unique identifier is always necessary to provide services to subscribers. She noted that while some of the services offered by AI require the use of social security numbers, one of the benefits of using "e.gov" programs is that it reduces the number of paper copies containing sensitive personal information.

Ms. Irven then made some suggestions on protecting personal information. She said that people should be able to use a digital signature and suggested that the Committee support digital signature legislation. She also said that state agencies should be encouraged to put more forms online and noted that even a modest fee to view public documents online can deter people from prying into public documents that contain sensitive information on individuals.

**Sgt. Rod Russell, Public Information Officer, Indiana State Police<sup>5</sup>**

Sgt. Russell began his testimony by saying that he speaks to approximately 250 people each week about the threats associated with identity theft. He stated that he thought Dr. Spafford had covered most of the important issues on identity fraud and identity theft.

He stated that information about individuals is easily available to identity theft perpetrators. He continued by saying that consumers need to be vigilant about protecting their individual information and making sure that is correct and up-to-date. Additionally, he said the law enforcement officials need to be educated about the problem, as local police officers often do not understand the problem. Sgt. Russell also stated that despite the difficulties in proving the theft, victims still need to file a police report.

In response to a question, Sgt. Russell said that the resources of the State Police did not allow them to apprehend all the identity theft perpetrators. However, he noted that the State Police has a white collar crime section to pursue fraud cases.

Senator Ford then thanked the Sergeant and the other speakers for providing testimony. He then asked Jim Bottum from Purdue to provide the Committee with an update on a recent National Science Foundation grant to Purdue University and Indiana University.

**Jim Bottum, Vice President for Information Technology, Purdue University<sup>6</sup>**

Mr. Bottum briefly described the opportunities that will be made available as a result of a \$3 M grant from the National Science Foundation to develop the Extensible Terascale Facility (ETF) in Indiana. Mr. Bottum said the ETF was the prototype of a future grid infrastructure, explaining that the ETF was the National Science Foundation's next step in developing a scalable distributed computational grid. He said the NSF grant will provide Indiana University and Purdue University researchers to conduct analyses at new levels and merge multiple data sources more easily.

In response to a question, Mr. Bottum said that the \$5 M appropriated each year over the biennium for I-Light will improve data speeds and communications capabilities across the state. He said that currently the state is seeking RFPs for the I-Light program.

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<sup>5</sup>See Exhibit 4

<sup>6</sup>See Exhibit 5

Senator Ford then thanked the members and speakers for attending the meeting. The meeting was adjourned at 12:30 P.M.